

Sandy Valley Water District

P.O. Box 127 ♦ Betsy Layne, Kentucky 41605

606-478-5500

, 2004

Thomas M. Dorman
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY 40602

Case 2004-00156

RECEIVED**APR 27 2004****PUBLIC SERVICE
COMMISSION**

RE: Formal Application for a Purchased Water Adjustment

This is an application for a purchased water rate adjustment for the Sandy Valley Water District. The adjustment is necessary to recover an increase in the cost of water attributable to our supplier's new wholesale rates that became effective March 1, 2004. The District is seeking to make this effective with the April 30, 2004 billing.

The district will publish the enclosed public notice of these requested rate revisions in the local newspaper. In accordance with PSC rules and regulations, the notice will be published before the new bills are issued and will be published one time. A copy of the newspaper notice will be forwarded to you upon publication.

Sincerely,

enclosure

NOTICE

Due to a rate increase from the City of Prestonsburg, the Sandy Valley Water District has filed an application with the Public Service Commission to implement the following rate schedule. The proposed change will affect all usage incurred on and after April 30, 2004.

Monthly Rate:

			<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>
<u>5/8 Inch x 3/4 Inch Meter</u>					
First	2,000	gallons	\$11.00	\$11.10	0.91%
Next	3,000	gallons	4.50	4.55	1.11%
Next	15,000	gallons	4.10	4.15	1.22%
Next	30,000	gallons	3.62	3.67	1.38%
Next	50,000	gallons	3.39	3.44	1.47%
Over	100,000	gallons	3.22	3.27	1.55%

1 Inch Meter

First	5,000	gallons	\$24.50	\$24.75	1.02%
Next	15,000	gallons	4.10	4.15	1.22%
Next	30,000	gallons	3.62	3.67	1.38%
Next	50,000	gallons	3.39	3.44	1.47%
Over	100,000	gallons	3.22	3.27	1.55%

2 Inch Meter

First	25,000	gallons	\$104.41	\$105.35	0.90%
Next	25,000	gallons	3.62	3.67	1.38%
Next	50,000	gallons	3.39	3.44	1.47%
Over	100,000	gallons	3.22	3.27	1.55%

3 Inch Meter

First	50,000	gallons	\$194.60	\$197.10	1.28%
Next	50,000	gallons	3.39	3.44	1.47%
Over	100,000	gallons	3.22	3.27	1.55%

4 Inch Meter

First	100,000	gallons	\$364.10	\$369.10	1.37%
Over	100,000	gallons	3.22	3.27	1.55%

Wholesale Rate

	<u>(Per 1,000 gallons)</u>		
Mountain Water District	\$2.40	\$2.45	2.08%
All other bulk users	3.22	3.27	1.55%

The bill for an average customer using 5,000 gallons each month would go from \$24.50 to \$24.75, a monthly increase of \$0.25 or 1.02%

The rates contained in this notice are the rates proposed by the Sandy Valley Water District. However, the Public Service Commission may order rates to be charged that

differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Sandy Valley Water District has available for inspection at its office the application submitted to the Public Service Commission. The office is located at 524 George Road, Betsy Layne, KY 41605. Or you may contact the office at (606) 478-5500.

Sandy Valley Water District

PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND ASSOCIATIONS
(807 KAR 5:068)

Case 2004-00156

Sandy Valley Water District
(Name of Utility)

(Date)

P. O. Box 127
(Address)

Betsy Layne, KY 41605
(City, State)

(606) 478-5500
(Telephone Number)

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**PUBLIC SERVICE
COMMISSION**

1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate shedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
<u>City of Pikeville</u>	<u>\$1.59</u>	<u>\$1.59</u>
<u>City of Prestonsburg (Declining Block below)</u>		
First 2,000 gallons	\$7.07	\$7.78
Next 98,000 gallons	3.12	3.43
Over 100,000 gallon	2.12	2.33

- 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as **Exhibit A**.
2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From March 2003 through February 2004
 (month and year) (month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Gallons Purchased during 12 month period
<u>City of Pikeville</u>	<u>188,916,000</u>
<u>City of Prestonsburg</u>	<u>46,384,000</u>

Month	Year	Gallons Purchased
March	2003	18,848,000
April	2003	19,368,000
May	2003	20,047,000
June	2003	18,574,000
July	2003	20,157,000
August	2003	20,350,000
September	2003	18,487,000
October	2003	21,577,000
November	2003	17,739,000
December	2003	18,953,000
January	2004	4,560,000
February	2004	4,236,000
	TOTAL	46,384,000

4. **TOTAL PURCHASES**
 Total sales for the 12 month period 235,300,000
188,767,600
5. Increased water cost \$9,954.00

The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor \$0.05 .

The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.

Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

7. Proposed effective date April 30, 2004 .


 (Signature of Utility Officer)


 (Title)

Prestonsburg City's Utilities Commission

Water, Waste Water and Natural Gas System
(Incorporated)
2000 South Lake Drive
Prestonsburg, Kentucky 41653-1048
Phone (606) 885-6571 • Fax (606) 886-6773

November 13, 2003

Mr. Joseph G. Jacobs
Chairman
Sandy Valley Water
525 George Road, Suite 1
Betsy Layne, KY 41605

Re: Wholesale Water Rate

Dear Mr. Jacobs,

Per our meeting this morning in my office this letter will confirm our conversation regarding a wholesale water rate increase between Prestonsburg City's Utilities Commission and Sandy Valley Water.

As per our discussion the following rate structure will apply and become effective upon the approval of the Kentucky Public Service Commission:

	<u>Current Rate</u>	<u>10% Increase</u>	<u>New Rate</u>
Minimum Rate 0-2000 Gallons	\$ 7.07	\$.71	\$ 7.78
Next 93,000 Gallons	3.12	.312	3.432
Over 100,000 Gallons	2.12	.212	2.332

Booster pump service: For each metered delivery point that requires booster pump service, an additional charge of \$.10 per 1,000 gallons is charged. In this case each of the rates stated here include \$.10 reflecting the single booster pump required to deliver water to Sandy Valley.

Please feel free to call me for any reason pertaining to this matter. Rest assured that we at Prestonsburg City's Utilities Commission remain committed to providing Sandy Valley Water with safe, high quality water.

Exhibit A

FOR West Pike County/East Floyd County
Community, Town or City

P.S.C. KY. NO. _____

SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

Sandy Valley Water District
(Name of Utility)

RATES

Monthly Rate:

5/8 Inch x 3/4 Inch Meter

		<u>Current</u>	<u>Proposed</u>
First	2,000 gallons	\$11.00 Minimum Bill	\$11.10 Minimum Bill
Next	3,000 gallons	4.50 per 1,000 gallons	4.55 per 1,000 gallons
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Wholesale Rate

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All other bulk users	3.22 per 1,000 gallons	3.27 per 1,000 gallons

DATE OF ISSUE _____

Month / Date / Year

DATE EFFECTIVE 4/30/04

Month / Date / Year

ISSUED BY [Signature]

(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____